



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

Bradley A. Smith  
Vorys Sater Seymour & Pease  
52 East Gay Street  
P.O. Box 1008  
Columbus, Ohio 43216-1008

JUN 6 2007

RE: MUR 5812  
Ohio State Medical Association  
Political Action Committee et al.

Dear Mr. Smith:

On May 14, 2007, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of violations of 2 U.S.C. §§ 432(c)(5), 434(b)(2)(I), (b)(4), (b)(6)(B)(v), and 11 C.F.R. § 104.3(b), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "Elena Paoli".

Elena Paoli  
Attorney

Enclosure  
Conciliation Agreement

27044170161

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

Ohio State Medical Association Political Action )  
Committee, and Timothy Maglione, in his official )  
capacity as Treasurer )

MUR 5812

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FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL  
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CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Ohio State Medical Association Political Action Committee and Timothy Maglione, in his official capacity as treasurer (collectively "Respondents"), violated 2 U.S.C. §§ 432(c)(5), 434(b)(4), 434(b)(6)(B)(v) and 11 C.F.R. § 104.3(b) by failing to accurately account for and report certain disbursements and failing to timely report a receipt.

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

- I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.
- II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. The Federal Election Campaign Act of 1971, as amended, ("the Act") requires political committees, through their treasurers, to file complete and accurate reports with the Commission. 2 U.S.C. § 434.
2. Each report must contain the total amount of all disbursements. 2 U.S.C. § 434(b)(4).
3. A political committee must report the name and address of each person who has received any disbursement that has an aggregate amount or value in excess of \$200, together with the date, amount, and purpose of any such disbursement. 2 U.S.C. § 434(6)(B)(v); 11 C.F.R. § 104.3(b).
4. A political committee must report the total amount of all receipts, including rebates, refunds, and other offsets to operating expenditures. 2 U.S.C. § 434(b)(2)(I).
5. Ohio State Medical Association Political Action Committee ("OSMAPAC") is the separate segregated fund of the Ohio State Medical Association ("OSMA"). OSMAPAC is a political committee within the meaning of 2 U.S.C. § 431(4).
6. Timothy Maglione is the treasurer of OSMAPAC.
7. In July 2005, OSMA discovered through an internal audit that a former employee, Jamee L. Patton, made unauthorized disbursements totaling \$83,570 to herself over a four and a half year period. According to the Committee, Patton embezzled \$83,570 by disguising 57 checks as contributions to the American Medical Association PAC ("AMAPAC"), a political committee with which OSMAPAC is affiliated. Patton only noted the unauthorized disbursements in OSMAPAC's internal accounting records; none of the payments were disclosed in the Committee's FEC disclosure reports. Thus, OSMAPAC's accounting records showed that it contributed \$266,725

to AMAPAC between December 1, 2001 and May 19, 2005, while FEC reports disclosed that OSMAPAC contributed \$183,155 during the same time period.

Because the unauthorized payments were not disclosed on the FEC reports, the FEC reports have inaccurately shown that the Committee had more cash on hand than it actually had.

8. Although the Committee discovered the unauthorized disbursements on its own through an internal audit and had some internal controls in place, the Committee failed to adequately control its finances in that it failed to reconcile its bank statements with its accounting records by someone other than a check signer or an individual handling the Committee's accounting, and failed to safeguard the Treasurer's signature stamp so that it could not be used to sign Committee checks. Instead, Patton was able to misappropriate Committee funds for four and a half years because she controlled the accounting and checkwriting software, had access to the Treasurer's signature stamp, received and hid away the Committee's bank statements and cancelled checks, and prepared the FEC disclosure reports.
9. After Patton's embezzlement was discovered, and prior to being notified of this MUR, the Committee adopted the "best practices" controls outlined in the Commission's "Statement of Policy: Safe Harbor for Misreporting Due to Embezzlement," adopted March 22, 2007.
10. OSMA filed a claim with its insurance company to recover the theft of OSMAPAC funds caused by Patton. OSMA received a check for \$81,070 covering the loss, minus a deductible, and on September 26, 2005, OSMA gave the check to OSMAPAC. This receipt was not timely disclosed in the Committee's 2005 Year

End Report. Instead, it was disclosed three months later in an amended 2005 Year End Report, filed on April 14, 2006.

V. Respondents failed to accurately account for \$83,570 in disbursements and report them to the Commission in violation of 2 U.S.C. §§ 432(c)(5), 434(b)(4), 434(b)(6)(B)(v) and 11 C.F.R. § 104.3(b).

VI. Respondents failed to timely report a \$81,070 receipt in its 2005 Year End Report in violation of 2 U.S.C. § 434(b)(2)(I).

VII. Respondents will pay a civil penalty to the Federal Election Commission in the amount of five thousand dollars (\$5,000), pursuant to 2 U.S.C. § 437g(a)(5)(B).

VIII. Respondents will cease and desist from further violation of 2 U.S.C. §§ 432(c)(5), 434(b)(4) and 434(b)(6)(B)(v) and 11 C.F.R. § 104.3(b) by failing to file accurate reports and timely report receipts.

IX. Respondents agree that the Committee's Treasurer or other personnel responsible for complying with the Act and Commission regulations, including the person who prepares its disclosure reports, will attend an appropriate Commission-sponsored training program for political committees within eighteen (18) months of the effective date of this agreement.

X. To the extent they have not already done so, Respondents will amend the FEC reports affected by the activities described herein.

XI. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

XII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.


XIII. Except as provided in Paragraph IX, Respondents shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

IV. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Thomasenia P. Duncan  
~~Acting~~ General Counsel

BY:


  
Ann Marie Terzaken  
Acting Associate General Counsel  
for Enforcement

Date

5/17/07

FOR THE RESPONDENTS:

BY:

  
Bradley A. Smith  
Vorys, Sater, Seymour & Pease LLP

Date

April 26, 2007